

**PREPAID PRESCRIPTION SERVICE**  
**APPLICATION FOR A CERTIFICATE OF AUTHORITY**

**INSTRUCTIONS**

Following is a checklist of documents to be submitted by a Prepaid Prescription Service, including entities seeking to provide Prescription Drug Plans ("PDP"), to obtain a certificate of authority to operate in New Jersey pursuant to N.J.S.A. 17:48F-3.

Documents provided by the applicant that are deemed by the Commissioner of Banking and Insurance to be proprietary shall be confidential and shall not be considered public documents. The applicant is asked to identify those documents it believes to be proprietary in nature by marking them confidential.

Please number each document to correspond with the section and item numbers on the checklist.

Submit your application to:

New Jersey Department of Banking and Insurance  
Office of Life and Health  
Attn: Prepaid Prescription Service  
20 West State St.  
P.O. Box 325  
Trenton, NJ 08625-0325

Please note that the Department has not yet adopted a regulation for Prepaid Prescription Service's. This application may be revised upon adoption of a regulation.

**PREPAID PRESCRIPTION SERVICE**  
**APPLICATION FOR A CERTIFICATE OF AUTHORITY**  
**CHECKLIST OF DOCUMENTS REQUIRED**

1. The completed Application Cover Sheet (form enclosed).
2. A non-refundable application fee in an amount established by regulation by the Commissioner payable to "Treasurer, State of New Jersey."
3. The completed Irrevocable Consent to Jurisdiction of the Commissioner and New Jersey Courts (form enclosed).
4. The completed Appointment of Attorney for the State of New Jersey appointing the Commissioner of Banking and Insurance as attorney for service of process (form enclosed).
5. A copy of the applicant organization's basic organization documents, which shall include but not be limited to articles of incorporation, articles of association, partnership agreement, management agreement, and trust agreement, or other documents applicable to the applicant's form of business entity, and all amendments to those documents.
6. A copy of the executed bylaws, rules and regulations, or similar documents, regulating the conduct of the applicant's internal affairs.
7. Biographical Affidavits of the persons who are to be responsible for the conduct of the affairs of the applicant (form enclosed), including but not limited to:
  - a. Members of the board of directors, executive committee or other governing board or committee; the principal officers; and any person or entity owning or having the right to acquire 10 percent or more of the voting securities of the applicant;
  - b. In the case of a partnership or association, the names of the partners or members;
  - c. Each person who has loaned funds to the applicant for the operation of its business; and
  - d. A statement of any criminal convictions or civil actions (including enforcement or regulatory actions, and actions relating to professional licenses) taken against any person who is a member of the board, the executive committee, other governing board or committee, the principal officers, or the person who is responsible for the conduct of the affairs of the applicant.
8. A business plan consisting of:
  - a. An organizational chart identifying parent, affiliates, and subsidiaries;
  - b. A statement generally describing the applicant, its facilities, personnel, and the prescription services to be offered;
  - c. A list of the geographical area(s) in which the services are to be performed and the approximate number of providers of the services;
  - d. A description of any administrative services for which the applicant will be responsible;
  - e. A list of any affiliate of the applicant that provides services to the applicant in this State, and a description of any material transaction between the affiliate and the applicant;
  - f. A description of any arrangements between the applicant and any other Prepaid Prescription Service or subcontractor for services associated with the provision of prescription services;

- g. A description of any reinsurance or stop loss arrangements;
  - h. A plan for continuation of the prescription services to be provided for under the contracts in the event of insolvency of the applicant;
  - i. A description of how the applicant will be compensated;
  - j. A schedule of rates and charges;
  - k. A description of the proposed method of marketing;
  - l. A description of the complaint procedures instituted by the applicant;
  - m. A description of the quality control and utilization review procedures established by the applicant;
  - n. A description of how the applicant will assure the availability and accessibility of the services to enrollees.
9. A copy of the form of any contract made, or to be made, between the applicant and contract holders or prospective contract holders.
  10. A copy of the form of any contract between the applicant and any subcontractor for services associated with the provision of prescription services.
  11. A copy of the standard form of any contract made, or to be made, between the applicant and any providers relative to the provision of prescription services to enrollees or contract holders.
  12. A list of all administrative, civil or criminal actions and proceedings to which the applicant, or any of its affiliates, or persons who are responsible for the conduct of the affairs of the applicant or affiliate, have been subject and the resolution of those actions and proceedings. If a certificate of authority, certificate, or other authority to operate has been refused, suspended or revoked by any jurisdiction, the applicant shall provide a copy of any orders, proceedings and determinations relating thereto.
  13. A list of all states in which the applicant has done, or currently is doing, business as described in the application.
  14. A copy of the applicant's most recent financial statements audited by an independent certified public accountant. If the financial affairs of the applicant's parent company are audited by an independent certified public accountant, but those of the applicant are not, then a copy of the most recent audited financial statement of the applicant's parent company, audited by an independent certified public accountant, shall be submitted. A consolidated financial statement of the applicant and its parent company shall satisfy this requirement unless the Commissioner determines that additional or more recent financial information is required.
  15. A copy of the applicant's financial plan, including:
    - a. A three-year projection of anticipated operating results, on a statutory basis, in accordance with the NAIC Accounting Practices and Procedures Manual (or for one year beyond the anticipated "break-even" year). The projections shall be on a quarterly basis for the first year, and on an annual basis for the subsequent years;
    - b. A demonstration of the minimum tangible net equity required at N.J.S.A. 17:48F-14 and deposit required at N.J.S.A. 17:48F-15;
    - c. A description of the assumptions used in the projections, including an explanation of each line item;
    - d. A statement of the sources of working capital and any other sources of funding, and provisions for contingencies.
  16. A copy of each reinsurance or stop loss contract.

17. Evidence of a fidelity bond in the applicant's name on its officers and employees in an amount established by the Commissioner by regulation. In lieu of the bond, the applicant may deposit with the Commissioner cash or securities or other investments approved by the Commissioner as demonstrated in 15b above.

**CPI Changes for Prepaid Prescription Service's**

<b>Deposit Requirement</b>	<b>CPI Change</b>	<b>Increase</b>	<b>Amount</b>
1998			25,000
1999	3.80%	950	25,950
2000	4.80%	1,246	27,196
2001	4.40%	1,197	28,392
2002	7.40%	2,101	30,493
2003	5.30%	1,616	32,109
2004	3.30%	1,060	33,169
2005	3.10%	1,028	34,197

<b>Net Equity Requirement</b>	<b>CPI Change</b>	<b>Increase</b>	<b>Amount</b>
1998			50,000
1999	3.80%	1,900	51,900
2000	4.80%	2,491	54,391
2001	4.40%	2,393	56,784
2002	7.40%	4,202	60,986
2003	5.30%	3,232	64,219
2004	3.30%	2,119	66,338
2005	3.10%	2,056	68,394

<b>Maximum Required</b>	<b>CPI Change</b>	<b>Increase</b>	<b>Amount</b>
1998			100,000
1999	3.80%	3,800	103,800
2000	4.80%	4,982	108,782
2001	4.40%	4,786	113,569
2002	7.40%	8,404	121,973
2003	5.30%	6,465	128,437
2004	3.30%	4,238	132,676
2005	3.10%	4,113	136,789

## PREPAID PRESCRIPTION SERVICE

### APPLICATION COVER SHEET

1. Name of Applicant \_\_\_\_\_
2. Physical Address of Applicant  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
3. Mailing Address  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
4. Organizational Information  
\_\_\_\_\_  
\_\_\_\_\_  
Corporation      \_\_\_\_\_ Trust      \_\_\_\_\_ LLC  
Prof. Corp.      \_\_\_\_\_ Prof. Assoc.      \_\_\_\_\_ Other
5. Provide a brief description of the services that the applicant will be providing:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
6. City and State of Incorporation (if applicable.)      City \_\_\_\_\_ State \_\_\_\_\_
7. Federal Employer Identification number or  
\_\_\_\_\_  
\_\_\_\_\_  
Social Security Number      \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. Contact Person \_\_\_\_\_
9. Phone Number (       ) \_\_\_\_\_
10. Toll Free Number (       ) \_\_\_\_\_
11. Fax Number (       ) \_\_\_\_\_
12. E-Mail Address \_\_\_\_\_
- 
13. Resident Status \_\_\_\_\_ Resident of New Jersey  
County in which Home Office is located for NJ  
Residents  
\_\_\_\_\_ Non-Resident of New Jersey  
\_\_\_\_\_

### Certification

I \_\_\_\_\_  
(Name and Title) certify that I am authorized to file this certification on behalf of the applicant; that the information set forth in the enclosed application and herein is true to the best of my information, knowledge and belief; and that the Department of Banking and Insurance may rely on the information set forth in the application herein in determining whether to grant a certificate of authority pursuant to N.J.S.A. 17:48F-1 et seq.

I further certify that \_\_\_\_\_ is familiar and will comply with  
(Name of Applicant)  
the requirements set forth in N.J.S.A. 17:48F-1 et seq. and N.J.A.C. 11:XX-X.

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Full Legal Name ( Type or Print )

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**IRREVOCABLE CONSENT TO JURISDICTION OF THE COMMISSIONER  
AND NEW JERSEY COURTS**

THE STATE OF \_\_\_\_\_ }  
}KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF \_\_\_\_\_ }

That \_\_\_\_\_ of  
(name of applicant)

\_\_\_\_\_ is filing herewith its application for  
(domiciliary city and state)

a certificate of authority to operate as a Prepaid Prescription Service in the State of New Jersey,

That, upon issuance of said certificate of authority by the Commissioner of Banking and Insurance ("Commissioner"); \_\_\_\_\_ shall  
(name of applicant)

consent to the jurisdiction of the Commissioner and all New Jersey courts in relation to any transactions or other activity subject to regulation under N.J.S.A. 17:48F-1 et seq. and all other applicable New Jersey statutes or rules; and

That such consent to the jurisdiction of the Commissioner and the New Jersey courts shall be and remain irrevocable for as long as

\_\_\_\_\_ possesses a valid certificate of  
(name of applicant)  
authority from the Commissioner or engages in business as a Prepaid Prescription Service in or from the State of New Jersey, and until all contractual obligations in the State of New Jersey are satisfied.

Witness our hands and the impress of the seal of said applicant, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

(Corporate Seal--if applicable)

\_\_\_\_\_  
(Signature) President  
(or authorized representative)

\_\_\_\_\_  
(Print or Type Name)

Attest:

\_\_\_\_\_  
(Signature) Secretary  
(or authorized representative)

\_\_\_\_\_  
(Print or Type Name)

## Appointment of Attorney for the State of New Jersey

KNOW ALL MEN BY THESE PRESENTS: That the \_\_\_\_\_ of the \_\_\_\_\_ of \_\_\_\_\_ in the \_\_\_\_\_ of \_\_\_\_\_, desiring to do business in the State of New Jersey in conformity with the laws thereof, hereby constitutes and appoints the Commissioner of Banking and Insurance of New Jersey, and his or her successor in office, to be its true and lawful Attorney, upon whom all original process in any action or legal proceeding against said \_\_\_\_\_ may be served. And the said \_\_\_\_\_ hereby stipulates and agrees that any original process against it, which is served upon said Attorney, shall be of the same legal force and validity as if served upon said \_\_\_\_\_, and that the authority of said Attorney shall continue in force irrevocable so long as any liability of said \_\_\_\_\_ remains outstanding in New Jersey.

IN WITNESS WHEREOF, the said \_\_\_\_\_ has caused these presents to be subscribed by its President, and attested by its Secretary, and its corporate seal to be hereunto affixed, this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

(Corporate Seal--if applicable)

\_\_\_\_\_  
President  
(or authorized representative)

\_\_\_\_\_  
(Print or Type Name)

Attest:

\_\_\_\_\_  
Secretary  
(or authorized representative)

\_\_\_\_\_  
(Print or Type Name)